



## **Remuneration committees' terms of reference.**

### **Constitution**

The board hereby resolves to establish a committee of the board, to be known as the remuneration committee, to assist the board in fulfilling its remuneration responsibilities.

### **Membership**

The committee and the Chairman of the Committee shall be appointed by the board. All members of the committee shall be non-executive directors of the company.

The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.

The committee shall consist of not less than two members and whenever possible will include at least one Independent non-executive director. A quorum shall be two members.

The chairman of the committee shall be appointed by the board from amongst the non-executive directors.

Appointments to the remuneration committee shall be for a period of up to three years, which may be extended for two further three year periods.

### **Secretary**

The secretary of the company shall be the secretary of the committee.

The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

### **Attendance at meetings**

No one other than the remuneration committee members shall be entitled to attend remuneration committee meetings.

As a general rule the Committee will invite the Chief Executive to attend Committee Meetings to consult upon their proposals relating to the remuneration of other executive directors and senior management.

Meetings of the Committee may be held by telephone or video conference facility.

### **Frequency of meetings**

Meetings shall be held not less than once a year (to coincide with key dates in the company's remuneration review cycle) and otherwise as required.

### **Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## Power to take advice

The committee is authorised by the board to:

- Investigate any activity within its terms of reference.
- seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee.
- obtain outside legal or independent professional advice, at the company's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary within reasonable budgetary constraints set by the Board.

## Duties

The committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The committee shall:

- Have responsibility for setting the remuneration policy for all executive directors and the company's chairman, including pension rights and any compensation payments.
- The board itself should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.
- Recommend and monitor the level and structure of remuneration for senior management.
- In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
- When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- Review the on-going appropriateness and relevance of the remuneration policy.
- Within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards.
- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- Approve the design of, and determine targets for, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code).
- Review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used.

- Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Oversee any major changes in employee benefits structures throughout the company or group.
- Agree the policy for authorising claims for expenses from the directors.
- Work and liaise as necessary with all other board committees.

## **Reporting responsibilities**

The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

The committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM.

If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.

Through the chairman of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

## **Other matters**

The committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required.
- Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.
- Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.